

**ABSTRACT OF THE DISCLOSURE**

Structure for reducing the diffraction effect in periodic electrode arrangements and liquid crystal device including the same. The invention relates to a structure for reducing the diffraction effect in periodic electrode arrangements. The structure is used in a reflective or semi-transparent liquid crystal display with lateral electric fields. The light collecting efficiency is improved by using multiple (two or more) dielectric layers with different refractive index as passivation layers of transparent electrodes, and by adjusting thickness of each dielectric layer to obtain the same optical path between the passivation layers and the transparent electrodes when incident light is transmitted.